


Government of the District of Columbia
Office of the Chief Financial Officer



Jeff DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeff DeWitt
Chief Financial Officer 

DATE: November 3, 2014

SUBJECT: Fiscal Impact Statement – “Small and Certified Business Enterprise Waiver and Recertification Amendment Act of 2014”

REFERENCE: Bill 20-892, Committee Print as provided to the Office of Revenue Analysis on October 30, 2014

Conclusion

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

Background

The bill makes several changes to current laws requiring agencies to contract with Certified Business Enterprises (CBEs) and Small Business Enterprises (SBEs).¹

First, the bill removes language from the current law² that defines a government-assisted project as one that can include industrial revenue bonds (IRBs). IRBs are a feature of a federal program that engages private banks to fund a project by issuing bonds at a tax-exempt rate. No District funds are involved with IRBs.

Second, the bill prohibits an agency that cannot meet the CBE or SBE requirements from expending remaining budget on non-CBEs, and requires the agency to notify the Mayor of failure to meet the goal. The bill allows the Mayor to provide a waiver of the spending restrictions on the agency.

¹ See D.C. Official Code § 2-218.02 for complete definition and qualifications for CBEs. See D.C. Official Code § 2-218.32 for qualifications to be certified as an SBE.

² Small and Certified Business Enterprise Development and Assistance Amendment Act of 2013, effective June 10, 2014 (D.C. Law 20-108; D.C. Official Code § 2-218.02).

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FIS: "Small and Certified Business Enterprise Waiver and Recertification Amendment Act of 2014," Bill 20-892, Committee Print as provided to the Office of Revenue Analysis on October 30, 2014

Third, the bill requires all agencies to submit an SBE spending plan to the Department of Small and Local Business Development (DSLBD), and an allocation letter outlining their plan to use 50 percent of their budget on SBEs.

Fourth, the bill permits the Director of DSLBD to waive CBE sub-contracting requirements, but before doing so, the Director must send an electronic notice to all CBEs notifying of the request to waive, and post the notice on the DSLBD website for 10 days.

Lastly, the bill allows a CBE that has been certified at least twice to be re-certified by providing an affidavit attesting that there has been no material change in its business status. The first time a CBE is re-certified, the entity must still submit to a full application review by DSLBD.

Financial Plan Impact

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. The adjusted re-certification process will require DSLBD to make changes to their information technology system. A precise cost estimate of those upgrades is not available, but it is expected to cost between \$50,000 to \$100,000. DLSBD has indicated it can absorb the cost of this change within its current budget.